

RD AN No. 3674(1980-D)
September 6, 2001

TO: State Directors
Rural Development

ATTN: Rural Housing Program Directors,
Guaranteed Rural Housing Specialists,
Rural Development Managers,
and Community Development Managers

FROM: James C. Alsop *(Signed by James C. Alsop)*
Acting Administrator
Rural Housing Service

SUBJECT: Guaranteed Rural Housing (GRH) Loan Program
Correction of Date of Obligation, Increase of Obligation Amount
for the Current or Prior Fiscal Year, and Decrease of Obligation Amount
for the Current or Prior Fiscal Year

PURPOSE/INTENDED OUTCOME:

The purpose of this Administrative Notice (AN) is to instruct GRH staff to take corrective action with Lenders to minimize the need to change the date or amount of obligation on a GRH Loan. Additionally, this AN provides guidance to GRH Field staff on correcting the date of obligation for a Guaranteed Loan, and to provide guidance on increasing or decreasing the amount of obligation for a GRH loan, including a loan obligated with prior Fiscal Year's (FY) funds.

COMPARISON WITH PREVIOUS AN:

This revises and replaces RD AN No. 3555 (1980-D), "Guaranteed Rural Housing (GRH) Loan Program Correction of Date of Obligation, Increase of Obligation Amount for the Current or Prior Fiscal Year, and Decrease of Obligation Amount for the Current or Prior Fiscal Year," which expired June 30, 2001.

EXPIRATION DATE: August 31, 2002

FILING INSTRUCTIONS:
Preceding RD
Instruction 1980-D

BACKGROUND:

From time to time, the need arises to change the date of a GRH obligation of funds because the Lender closed the GRH loan prior to the date of obligation or the obligation was accidentally deleted prior to the closing of the GRH loan. Additionally, a lender may have closed a loan for an amount higher than stated on the Conditional Commitment and higher than the amount obligated for the loan.

IMPLEMENTATION RESPONSIBILITIES:

Current Fiscal Year:

The need to change the date of obligation on a GRH loan due to the lender closing the loan prior to the date of obligation of the guarantee has become excessive. Efforts must be made by the GRH staff to minimize the need to change the date of obligation and to minimize the need to increase the obligation amount after the lender has closed the loan. Thus, State Directors will be responsible for:

1. Notifying lenders that loans are not to be closed prior to the issuance of the Conditional Commitment and obligation of the loan. Lenders should also be notified that loan amounts must not exceed the amount listed on the Conditional Commitment without Rural Development's prior written approval. State Directors are to keep records of all instances of lenders closing loans prior to the date of obligation and closing loans in excess of the Conditional Commitment. Lenders who continue to close loans prior to the date of obligation and/or in excess of the amount listed on the Conditional Commitment should be counseled further.
2. Should this continue, monitor all requests to change the date of obligation for all GRH loans closed by the Lender prior to the date of obligation, all requests to increase the obligation amount within the current FY, and all requests to increase the obligation amount with previous FY funds.

Should an obligation amount need increased or an obligation date need changed for current fiscal year loans so the loan can be closed on the system, the field office must complete the process listed below:

1. De-obligate the entire loan, through the GLS Web system, by inserting zero (0) in the loan amount of the Obligation screen. Press the "Submit to PLAS" button. Next, select the radio button "Do Not Withdraw. Return application to 'Approved' status." (This initiates a full 1D process in PLAS).
2. Update the GRH Request for this borrower by increasing the Agency Approved Loan Amount on the application screen (This step can not be accomplished until the 1D process in step 1 has processed overnight). (This step should only be completed if increasing the obligation amount.)
3. Re-approve the application by inserting the Approval Date on the GLS Application Screen.
4. Go to the obligation request and input the required data. Then, click "**APPLY CHANGES**" and *Print* the obligation request screen. The obligation request screen you print should have a Request Status of "ENTERED." **DO NOT "SUBMIT"** these changes to PLAS. Annotate the new obligation date on the screen print. Make sure the date you annotate is prior to the date the lender closed the loan.

5. Send a copy of the revised obligation request screen printed in Step 4 that includes the date annotated on the screen, with a request to process the obligation to the Finance Office, Guaranteed Loan Branch, FC-350, or by fax to (314) 539-3110 or 3575. If you have questions, contact the GLB servicing technician for your state at 314-539-6661.

In some situations, increasing the amount of the obligation during the current fiscal year does not require a date change because the lender has not yet closed the loan. In these cases, you can make the changes to the obligation, as listed in steps 1 through 4 above, however, click on the *Submit to PLAS* option instead of *Apply Changes*. Since the lender has not yet closed the loan, these obligations will still be dated prior to the date of the closing.

Prior Fiscal Year:

If there is a need to change the date of an obligation or increase the amount of an obligation with funds from a previous fiscal year, DO NOT update the obligation via the GLS Web system. All of these requests are to be submitted directly to the Finance Office, Fiscal Control Branch, FC-360, ATTN: Team 3, or by fax to (314) 539-3041. Each request should also include an Obligation screen printed off the GLS Web system with the correct figures written on the screen. However, if the loan was obligated in FY 99 or previous fiscal year, a Form RD 1940-3, "Request for Obligation of Funds, Guaranteed Loan," must be completed and submitted with your request to the Finance Office.

All requests to increase the obligation amount for a GRH loan with prior FY funds are subject to the availability of funds at the time of the request.

The Finance Office will make the required obligation date correction and change in obligation amount and will keep a log by State of all occurrences.

Partial and Full De-Obligation of Loans:

For loans requiring a partial amount or the full amount of the loan to be de-obligated, the de-obligation can be accomplished using the GLS Web system providing the loan was obligated through the GLS Web system (All FY 2000 or greater loans). If only a partial de-obligation of the GRH loan is necessary, field staff can complete a partial de-obligation by decreasing the loan amount on the GLS obligation screen to the lower loan amount. The system will automatically initiate a partial 1-D de-obligation. For full de-obligations, change the loan amount on the GLS obligation screen to "0". The system will automatically initiate a full 1-D de-obligation. You will then have to indicate if the loan should be withdrawn or should not be withdrawn and returned to "Approved Status." For loans Obligated in FY 1999 or prior years, the de-obligation must be processed through ADPS using the 1D transaction.

Note: De-Obligations of less than ten dollars (\$10) must be processed like an increase in the obligation amount.

Questions pertaining to this AN can be directed to Dean Daetwyler of the Single Family Housing Guaranteed Loan Division at (202) 690-0514 or the Guaranteed Loan Branch at (314) 539-6661.